

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE

WEDNESDAY, JUNE 20, 2012, AT 3:00 P.M.

IN THE MARY BRENNAN BOARD ROOM,

T. F. GREEN AIRPORT, 2000 POST ROAD

WARWICK, RHODE ISLAND

The meeting of the Rhode Island Airport Corporation (“Corporation”) Finance and Audit Committee was called to order by Chair of the Committee, Deborah M. Thomas, at 3:00 p.m., in the Mary Brennan Board Room at T. F. Green Airport, 2000 Post Road, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

COMMITTEE MEMBERS PRESENT: Deborah M. Thomas; Kathleen C. Hittner, M.D., Michael F. Ryan.

COMMITTEE MEMBERS ABSENT: Joseph M. Cianciolo.

BOARD MEMBER PRESENT: Robert S. Sangster (arrived at 3:15 p.m.)

ALSO PRESENT: Kevin A. Dillon, A.A.E., President and CEO; and those individuals listed on the attendance sheet attached hereto.

1. Approval of the Minutes:

A motion was made by Mr. Ryan and seconded by Dr. Hittner to approve the Minutes of the Finance and Audit Committee Meeting of March 21, 2011. The motion was passed unanimously.

2. Action Item:

(a) Consideration of and Action Upon Approval of the Fiscal Year 2013 Budget.

Mr. Schattle gave an overview of the FY 2013 budget process. Discussion focused on revenues, including airline rates and charges, concessions and parking. Mr. Schattle also gave an overview of the estimated Cost Per Enplanement (CPE) for the airlines. Mr. Schattle reported that the Corporation is continuing to look at new revenue streams.

Mr. Schattle discussed personnel expenses, and it was noted that the personnel line item includes a 2% across the board pay increase.

Mr. Schattle gave an overview of O&M expenses, noting that the Corporation is continuing to closely monitor all of its expenses including outside services.

Mr. Schattle gave an overview of revenues and expenses for the

General Aviation Airports. He noted the Corporation continues to monitor revenue streams.

Mr. Schattle gave an overview of other income and expenses. Discussion focused on the Voluntary Land Acquisition Program and Passenger Facility Charges (PFC). There was also an overview of the TSA grant related to the surveillance camera project.

Mr. Schattle gave an overview of revenues and expenses related to the InterLink facility noting that the major revenue stream for the facility is the CFC. There was general discussion of the services being provided in the InterLink facility.

Mr. Schattle gave an overview of debt service and bond financing.

Mr. Schattle gave an overview of the operating capital and the annual Capital Improvement Program with a focus on projects and related funding sources. There was general discussion of equipment needs, specifically in the operating departments for snow removal.

Committee Members discussed recruiting expenses, and specifically the level at which it was funded. Ms. Thomas made a proposal to increase the line item by \$30,000. This would bring the line item to \$62,400. Committee Members concurred with this proposal.

Committee Members thanked Mr. Schattle and his staff for their work

on the FY 2012 budget.

A motion was made by Mr. Ryan and seconded by Ms. Thomas to approve the FY 2013 budget, as amended, with an increase to the recruiting expense line item by \$30,000 to \$62,400, subject to Board approval. The motion was passed unanimously.

(b) Consideration of and Action Upon Approval to Bind Insurance Policies that are Effective on June 30, 2012.

Mr. Dillon gave an overview of the policies. There was general discussion of the cyber insurance coverage. There was also a recommendation that the Corporation formalize a data privacy policy. The recommendation is that the Committee authorize the President and CEO, or his designee, to bind the insurance policies that are effective June 30, 2012 as recommended by Willis of Massachusetts, Inc., and RIAC Management, subject to Board approval.

A motion was made by Mr. Ryan and seconded by Dr. Hittner to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) is responsible for the maintenance and operation of airport facilities at the six Rhode Island airports; and

WHEREAS, RIAC carries General Liability Insurance, Aircraft Hull and

Liability Insurance, Property Insurance, Automobile Insurance, Inland Marine (Mobile Equipment) Insurance, Crime Insurance, Fiduciary Insurance, Workers' Compensation Insurance, Pollution Insurance, Flood Insurance, Storage Tank Insurance and Director's and Officer's Insurance policies; and

WHEREAS, Willis and RIAC staff recommend adding Cyber Insurance coverage to the program; and

WHEREAS, all policies except for Pollution, Director's and Officer's, Storage Tank and Flood have renewal dates of June 30, 2012; and

WHEREAS, RIAC utilizes the brokerage services of Willis of Massachusetts, Inc. (Willis) to competitively market its Insurance Program; and

WHEREAS, after an extensive marketing process, Willis and RIAC management recommend that the following policies be bound effective June 30, 2012:

Policy Carrier Premium

**Property American Guarantee and Liability Insurance Company
(Zurich) \$ 415,639**

**General Liability Commerce and Industry Insurance Company (A
Chartis Company) 118,178**

Automobile The Wausau Underwriters Insurance Company (a Liberty Mutual Co) 61,968

Mobile Equipment The Hartford 23,775

**Crime Travelers Casualty and Surety Company of America
4,976**

**Fiduciary Travelers Casualty and Surety Company of America
5,321**

**Aviation Hull Liability USAU:United States Aviation Underwriters
(USAIG) 50,000**

**Workers Compensation Beacon Mutual Insurance Company
332,098**

Cyber ACE American Insurance Company 12,072

Total \$ 1,024,027

WHEREAS, RIAC has a fiscal year budget which provides funding for these policies through its Operating & Maintenance (O & M) budget.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee authorizes the President and CEO, or his

designee, to bind the insurance policies that are effective June 30, 2012 as recommended by Willis of Massachusetts, Inc. and RIAC management, subject to Board approval.

The motion was passed unanimously.

3. Future Meetings:

The next meeting will be announced.

4. Adjournment:

Mr. Ryan moved to adjourn at approximately 3:37 p.m. Dr. Hittner seconded the motion. The motion was carried by acclamation.

Respectfully submitted,

**Deborah M. Thomas, Chair
Finance and Audit Committee of
the Rhode Island Airport Corporation**

ATTENDANCE SHEET

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE

JUNE 20, 2012

Brian Schattle RIAC

Peter Frazier RIAC

Raymond Choiniere House Policy Office

Richard Langseth Greenwich Bay Watershed